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HUMAN RESOURCES MANAGEMENT: RESPECT FOR THE PRIVILEGES AND IMMUNITIES OF OFFICIALS OF THE UNITED NATIONS AND THE SPECIALIZED AGENCIES AND RELATED ORGANIZATIONS

Report submitted by the Secretary-General on behalf of and with the approval of the members of the Administrative Committee on Coordination

I. INTRODUCTION

1. At its fiftieth session, the General Assembly adopted decision 50/484 of 7 June 1996, in which it took note of the note submitted by the Secretary-General on behalf of the members of the Administrative Committee on Coordination on the above subject (A/C.5/50/3) and of the statement made by the representative of the United Nations Security Coordinator on 14 December 1995. The Assembly requested the Secretary-General to submit a report on the question to it at its fifty-first session.

2. The present report, containing updated information about respect for the privileges and immunities of officials as well as their security and safety, is submitted in response to General Assembly decision 50/484. It is presented on behalf of and with the approval of the members of the Administrative Committee on Coordination and is based upon the information provided by United Nations programmes, funds, offices and missions as well as the specialized agencies and related organizations. A list of the organs and organizations that were requested to provide information is contained in annex IV to the present report. The report covers the period from 1 July 1995 to 30 June 1996.

II. SECURITY AND SAFETY OF OFFICIALS

3. In fulfilment of the responsibilities assigned by Member States to the organizations of the United Nations system, staff members are increasingly

called upon to take up duties that involve grave personal risks on a daily basis. During the reporting period, 10 civilian staff members of different United Nations organizations and agencies lost their lives in the performance of their duties (see annex II). Throughout the reporting period, staff members in the performance of their functions have been subjected to attack, injury, abuse or harassment. Details may be found in the information provided by various organizations included in annex III. In Liberia in April and in the Central African Republic in May 1996, it became necessary to relocate dependants and/or non-essential staff to safe havens as a result of a serious deterioration in the security situation.

4. In an effort to make further improvements in staff security and security management in the field, the United Nations Security Coordinator convened an ad hoc inter-agency meeting on security in Geneva on 8 and 9 May 1996. The meeting, which was subsequently followed by a working group to address technical security issues, was devoted to the review of security matters that are of concern to the organizations of the United Nations system. Issues considered included, inter alia, the need for security training for all staff, hostage crisis management and strengthening of inter-agency cooperation in the area of security. The meeting concluded that the issue of the costs of providing security for staff must be addressed with renewed urgency and stressed the need for sufficient resources to be allocated to implement the required security measures.

5. It must be emphasized once again that the primary responsibility for the security and protection of staff members, their spouse and dependants and property and of the organizations' property rests with the host Government. This responsibility flows from every Government's normal and inherent function of maintaining order and protecting persons and property within its jurisdiction. In the case of international organizations and their officials and property, the Government is considered to have a special responsibility under the Charter of the United Nations or its agreements with individual organizations. Under Article 105 of its Charter, the United Nations is entitled to enjoy such privileges and immunities as are necessary for the fulfilment of its purposes. The other organizations in the United Nations family and their staff enjoy similar privileges and immunities under their respective constitutional instruments. Officials of the organizations are entitled under the same provisions to enjoy such privileges and immunities as are necessary for the independent exercise of their functions. Further, within the territory of any country that has acceded to the Conventions on the Privileges and Immunities of the United Nations (see resolution 22 A (I)) and of the Specialized Agencies (see resolution 179 (II)) staff members of the organizations "shall be given, together with their spouses and relatives dependent on them, the same repatriation facilities in time of international crisis as diplomatic envoys" (resolution 22 A (I), art. V, sect. 18 (f); see also resolution 179 (II), art. VI, sect. 19 (e)). The Conventions further stipulate that the premises of the organizations are "inviolable" and that their property, wherever located and by whomsoever held, shall be immune from "any ... form of interference" (resolution 22 A (I), art. II, sect. 3, and resolution 179 (II), art. III, sect. 5).

III. ARREST AND DETENTION OF OFFICIALS

6. The arrest or detention of staff members continued to be a major issue through the reporting period. This was the case in particular for Rwanda, where numerous locally recruited United Nations staff continue to be detained. Following the departure of the United Nations Assistance Mission to Rwanda (UNAMIR) in March 1996, the Resident Coordinator and representatives of United Nations agencies in Rwanda have continued to take a number of initiatives at the local level to pursue this matter with the Rwandan authorities. A Rwandan lawyer has been hired on an inter-agency basis to assist with these cases.

7. Detailed information regarding the staff of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), as provided by the Agency, is included in annex III.

IV. TAXATION OF OFFICIALS

8. The issue of taxation of officials is included in the submissions provided by the World Health Organization (WHO) and the United Nations Peace-keeping Force in Cyprus (UNFICYP) (see annex III).

V. RESTRICTIONS ON OFFICIAL AND PRIVATE TRAVEL OF OFFICIALS OF THE UNITED NATIONS, THE SPECIALIZED AGENCIES AND RELATED ORGANIZATIONS

9. Restrictions imposed by the United States authorities on the private travel of staff members and their dependants who are nationals of particular countries remained in force. In this regard, the Secretary-General maintains his well-known position of principle, which he has expressed on several occasions in the past, that such restrictions applied to United Nations staff solely on the basis of nationality are discriminatory.

10. Information concerning travel restrictions on UNRWA personnel is provided in annex III to the present report.

VI. OBSERVATIONS

11. The Secretary-General firmly believes that the Conventions on the Privileges and Immunities of the United Nations and of the Specialized Agencies constitute a critical element in the protection of staff members and their dependants from arrest and detention. Therefore, the Secretary-General invites States that have not become a party to the Conventions to give consideration to ratifying or acceding to them. The Secretary-General also invites Member States that have not done so to become a party to the Convention on the Safety of United Nations and Associated Personnel (resolution 49/59, annex). In that connection, the Secretary-General wishes to recall the statement adopted by the Administrative Committee on Coordination at its meeting in November 1995, in which it, inter alia, called upon all Governments to take all possible measures to ensure the safety of United Nations staff; welcomed the commitment made by

the Security Council on 26 September 1995 at its fiftieth anniversary session to continue to attach the utmost importance to the issue of staff security and also welcomed the adoption by the General Assembly at its forty-ninth session of the Convention on the Safety of United Nations and Associated Personnel. The Committee regretted that it had not, as yet, proved possible to take into account the observations made by the Committee in a previous statement regarding the limited application of the Convention. 1/

Notes

1/ ACC/1995/23, para. 37.

ANNEX I

Consolidated list of staff members under arrest and detention or missing and with respect to whom the United Nations and the specialized agencies and related organizations have been unable to exercise fully their right to protection*

Name	Agency	Place and date of incident
Abdala Daker Hayatli	UNRWA	Missing in the Syrian Arab Republic since 20 April 1980.
Issedine Hussein Abu Khreish	"	Detained in the Syrian Arab Republic since 11 September 1980.
Mahmoud Hussein Ahmad	"	Missing in Lebanon since 22 March 1983. Reportedly detained by militias or unknown elements.
Mohammad Ali Sabbah	"	Missing in Lebanon since 22 March 1983. Reportedly detained by militias or unknown elements.
Alec Collett	"	Detained in Lebanon by militias or unknown elements since 25 March 1985.
Mohammad Mustafa El-Hajj Ali	"	Missing in Lebanon since 28 November 1986. Reportedly detained by militias or unknown elements.
Kassu Asgedon	WFP	Detained in Ethiopia since 4 September 1991.
Hassan Mohammad Hammad	UNRWA	Detained in the West Bank since 15 February 1993.
Jaber Ali Wahdan	"	Detained in the West Bank since 3 May 1993.
Andualem Zeleke	ECA	Detained in Ethiopia since 25 June 1993.

* The consolidated list contains in chronological order the names of staff members who remained in detention or missing as at 30 June 1996. The list, however, is not intended to provide information on all cases of staff members who have been arrested or detained or have been missing in the past or on the cases where staff members have lost their lives in the performance of official duties.

Name	Agency	Place and date of incident
Sara J'areh	UNRWA	Detained in the West Bank since 24 September 1993.
Rida Mahmoud Khaled	"	Detained in the West Bank since 18 October 1993.
Alfred Rusigariye	UNAMIR	Detained in Kigali since 22 September 1994.
Elizier Cyimanizanye	UNICEF	Detained in Kigali since 28 October 1994.
Deo Idanumbira	UNDP	Missing in Rwanda since 1 November 1994.
Benoit Ndejeje	"	Detained in Kigali since 11 November 1994.
Jean-Marc Ulimubenshi	UNHCR	Detained in Butare, Rwanda, since 15 November 1994.
Athanase Habimana	"	Detained in Butare, Rwanda, since December 1994.
Azzam Husni Attaleh	UNRWA	Detained in the West Bank since 12 December 1994.
Jean Bosco Rwagaju	UNHCR	Detained in Gitarama, Rwanda, since January 1995.
Jean Chrisostome Muvunyi	"	Detained in Gikongoro, Rwanda, since 9 January 1995.
Charles Ngendahimana	"	Detained in Butare, Rwanda, since 10 January 1995.
Alfred Nsinga	UNAMIR	Detained in Kigali since 8 February 1995.
Mathieu Nsengiyaremye	UNHCR	Detained in Cyangugu, Rwanda, since 12 February 1995.
Luc Birushya	UNDP	Detained in Kigali since 13 March 1995.
Athanase Ngendahimana	"	Detained in Kigali since 25 March 1995.
Joseph Nsabimana	UNHCR	Detained in Nyanza, Rwanda, since 25 March 1995.

Name	Agency	Place and date of incident
François Semanzi	"	Detained in Butare, Rwanda, since April 1995.
Aloys Byugura	UNICEF	Detained in Kigali since 4 April 1995.
Prosper Gahamanyi	UNDP	Detained in Kigali since 12 April 1995.
Clotilde Ndagijimana	UNICEF	Detained in Butare, Rwanda, since 14 April 1995.
Augustin Rukeribuga	UNHCR	Detained in Butare, Rwanda, since 23 April 1995.
Dismas Gahamanyi	WFP	Detained in Kigali since 2 June 1995.
Theodore Niyitegeka	"	Detained in Kigali since 2 June 1995.
Fulgence Rukindo	Human Rights Field Office in Rwanda	Detained in Kibuye, Rwanda, since 17 June 1995.
Boniface Rutagungira	UNICEF	Detained in Kigali since 20 June 1995.
Abbas Sempija	UNHCR	Detained in Kigali since 7 August 1995.
Manasse Mugabo	UNAMIR	Missing in Rwanda since 19 August 1995.
Joseph Munyambonera	UNHCR	Detained in Kigali since 19 October 1995.
Khaled Umar El Hamameh	UNRWA	Detained in the Gaza Strip by the Palestinian Authority since 1 November 1995.
Al Hakim Hasan Mahdi	"	Detained in the West Bank by the Palestinian Authority since 25 November 1995.
Andre Uwizeyimana	UNHCR	Detained in Butare, Rwanda, since 29 December 1995.
Mahmoud Saqer El Zatma	UNRWA	Detained in the Gaza Strip by the Palestinian Authority since 3 February 1996.
Boaz Imanivuganamwisi	UNAMIR	Detained in Kigali since 19 February 1996.

Name	Agency	Place and date of incident
Mohammad El Ajrami	UNRWA	Detained in the Gaza Strip by the Palestinian Authority since 25 February 1996.
Raed Ali Shehadeh	"	Detained in the West Bank by the Palestinian Authority since 27 February 1996.
Abdel Fatah Hasan Dukhan	"	Detained in the Gaza Strip by the Palestinian Authority since 3 March 1996.
Ayman Ishaq Totah	"	Detained in the West Bank by the Palestinian Authority since 3 March 1996.
Khader Mahmoud Abbas	"	Detained in the Gaza Strip by the Palestinian Authority since 5 March 1996.
Omar Afandi	"	Detained in the West Bank by the Palestinian Authority since 5 March 1996.
Tewfiq Mahmoud Anis Mahmoud	"	Detained in the West Bank by the Palestinian Authority since 5 March 1996.
Jamal Mohammad Ali Ghaban	"	Detained in the West Bank by the Palestinian Authority since 6 March 1996.
Ahmad Mohammad Hamdan	"	Detained in the Gaza Strip by the Palestinian Authority since 6 March 1996.
Rasim Mushrif Kabi	"	Detained in the West Bank by the Palestinian Authority since 7 March 1996.
Abdallah Mohammad Abu Mishref	"	Detained in the West Bank by the Palestinian Authority since 9 March 1996.
Zaher Ismail Ahmad	"	Detained in the Gaza Strip by the Palestinian Authority since 12 March 1996.

Name	Agency	Place and date of incident
Khalil El Derbashi	"	Detained in the Gaza Strip by the Palestinian Authority since 12 March 1996.
Ahmad Ramadan Mteir	"	Detained in the West Bank by the Palestinian Authority since 12 March 1996.
Tareq Soboh Abu El Hussain	"	Detained in the Gaza Strip by the Palestinian Authority since 16 March 1996.
Ali Hadi Ali Rahman Salama	"	Detained in the Gaza Strip by the Palestinian Authority since 16 March 1996.
Bernard Nshinyumukiza	UNAMIR	Detained in Kigali since 19 March 1996.
Raed Subhi El Zaqzouq	UNRWA	Detained in the Gaza Strip by the Palestinian Authority since 29 March 1996.
Jean Baptiste Mashimango	UNOPS	Detained in Rwanda since 31 March 1996.
David Bukeyeneza	UNICEF	Detained in Kigali since 4 April 1996.
Hasan Mahmoud Sammour	UNRWA	Detained in the Gaza Strip by the Palestinian Authority since 10 April 1996.
Mohammad El Kahlout	"	Detained in the Gaza Strip by the Palestinian Authority since 14 April 1996.
Mahmoud Abu Jazar	"	Detained in the Gaza Strip by the Palestinian Authority since 16 April 1996.
Emmanuel Twagirayezu	UNICEF	Detained in Kigali since 28 April 1996.
Naser Ismail El'Attal	UNRWA	Detained in the Gaza Strip by the Palestinian Authority since 22 May 1996.
Nimer Abed Abu Jayyab	"	Detained in the Gaza Strip by the Palestinian Authority since 8 June 1996.

ANNEX II

List of staff members who have lost their lives since 1 July 1995

Name	Nationality	Agency	Place/date of incident	Cause of death
Francisco Lima	Angola	UNICEF	Luanda, 25 July 1995	Gunshot wounds
John Adeyemi	Nigeria	"	Lagos, 10 November 1995	Gunshot wounds
William Jefferson	United States of America	UNFPA	Tuzla, Bosnia and Herzegovina, 19 November 1995	Gunshot wounds
Ahmed Abdilkadir Tawane	Somalia	UNICEF	Mogadishu, 22 November 1995	Gunshot wounds
Andrzej Kaczor	Poland	Department of Humanitarian Affairs/United Nations Guards Contingent in Iraq	Shaqlawa, Iraq, 7 December 1995	Explosion
Emmanuel Rabaya	Philippines	"	Shaqlawa, Iraq, 7 December 1995	Explosion
Bikash Jungi Shah	Nepal	"	Shaqlawa, Iraq, 7 December 1995	Explosion
George Gikuni	Kenya	UNEP/United Nations Office at Nairobi	Nairobi, 16 December 1995	Gunshot wounds
Mohamed Siyat Rage	Somalia	UNICEF	Kismayo, Somalia, 5 January 1996	Gunshot wounds
Peter Onginde	Kenya	UNHCR	Nairobi, 24 May 1996	Gunshot wounds

ANNEX III

Information submitted by individual organizations and United Nations subsidiary organs and offices or joint subsidiary organs for inclusion in the present report

A. United Nations operation in Cyprus

1. Generally, the privileges and immunities of civilian officials of the United Nations, specialized agencies and related offices in Cyprus have been respected and the safety and security of their staff ensured. The following incidents, however, should be reported.

2. On 4 September 1995, two locally recruited General Service staff members who were Greek Cypriots were detained by Turkish Cypriot police at Pano Zodhia checkpoint while returning from completion of an authorized journey to Roca Camp. Upon completion of their task at Roca Camp, the staff members returned to Lefke checkpoint, accompanied by the Sector One Medical Officer who was travelling in a separate vehicle. Upon arrival at the Zodhia gate, the two Greek Cypriots were detained by the Turkish Cypriot police. They were interrogated and detained overnight in Morphou. No charges were made against the staff members who were released in good health to the UNFICYP Australian Civilian Police on 5 September 1995.

3. UNDP Nicosia reported an incident concerning respect for article V, section 18 (b), of the Convention on Privileges and Immunities of the United Nations relating to the exemption from national taxation on the salaries and emoluments paid to staff members by the United Nations. The incident involved a decision by the Supreme Court of Cyprus to deny exemption from taxation on the salaries and emoluments paid by the United Nations to a UNDP official of Cypriot nationality. The decision was based upon a misinterpretation of paragraph 4 (a) of article IX of the Agreement between the Government of Cyprus and UNDP. The Legal Counsel of the United Nations is currently pursuing the matter with the Government of Cyprus in an attempt to resolve the issue.

B. United Nations Interim Force in Lebanon

4. During the reporting period UNIFIL has been marked by two noteworthy events: signing of a status-of-forces agreement with the Government of Lebanon on 15 December 1995 and the escalation of tension in South Lebanon, which culminated into a major confrontation between the Israel Defence Forces and Hezbollah between 11 and 27 April 1996.

5. Signing the status-of-forces agreement granted UNIFIL and its officials de jure recognition of privileges and immunities it had been enjoying on a de facto basis over the years. Even though the document did not change the practice of the mission, it brought about the legal framework for the relationship between the host Government and the mission.

6. The Legal Adviser was advised on 25 July 1995 that a local staff member had been sentenced by a local court to a fine and two months' imprisonment for a traffic accident, which occurred 26 August 1992 and which the United Nations insurance agent had settled on behalf of UNIFIL. The judgement was obtained in Tyre district court ex parte. At the time of the accident the staff member was driving a United Nations vehicle on duty, thus performing an act in the course of his official duty within the meaning of immunity from legal process under the Convention on Privileges and Immunities of the United Nations of 1946.

7. The case has been brought to the attention of the Ministry of Foreign Affairs with the request that the judgement be revoked. They first maintained that local staff members did not enjoy the immunity referred to above. However, the UNIFIL Legal Adviser has continued to pursue the case within the Ministry, explaining General Assembly resolution 76 (I) of 7 December 1946, which extends the functional immunity to all members of the United Nations, with the exception of those paid hourly rates. The status-of-forces agreement stipulates the same.

8. A local staff member was taken into custody by the local security force at Beirut airport on 4 June 1996. The staff member was on family visit travel when arrested. He was imprisoned under "administrative detention" without charge, trial or conviction. No reason for his arrest and detention was given. UNIFIL used its channels to get information on the staff member's condition and requested access to him. The Legal Adviser also requested the assistance of the Ministry of Foreign Affairs in obtaining the staff member's release, asking to be provided with the reasons for the arrest and for UNIFIL to have access to the staff member. The staff member was released on 10 June 1996 and the Lebanese Army informed UNIFIL that all allegations against him had been withdrawn.

9. UNIFIL has not encountered problems regarding the respect of United Nations privileges and immunities in other areas, such as taxation or restrictions on official or private travel of United Nations officials. The status-of-forces agreement officially provides freedom of movement for the members of the Force.

10. Nevertheless, the period covered has been marked by complex developments in South Lebanon, most importantly the military confrontation from 11 to 26 April 1996. The situation has been described in detail in the report of the Secretary-General. During the confrontation, United Nations positions and vehicles came under direct fire. UNIFIL protested all close firing. The security and safety of United Nations officials, especially those who were directly involved in the operations of rendering humanitarian assistance and extending the protection to the local population in the area, was seriously affected, as the staff had to operate under tense and dangerous conditions.

11. The press information officers, as well as many local staff members in the area of operation were exposed to actual or potential emergency situations and the need to assist and rehabilitate them in dealing with the after-effects of traumatic and stressful security-related experiences, in particular the incident in Qana village on 18 April, should not be overlooked.

12. Finally, UNIFIL continued to make every effort to ensure security and protection of its staff:

(a) Security in UNIFIL headquarters, Naqoura. Four Katyusha rockets landed in the proximity of the Naqoura Camp and one landed inside the headquarters. As a result of the Katyusha threat to UNIFIL headquarters, the policy regarding going to the shelters was revised and updated. Personal security in the camp was addressed by revising the shelter plan, increasing the awareness of the staff and conducting three shelter exercises;

(b) Security in the area of operation. In view of the increased military activity and threat in the area of operation, the authority of the civilian administration to authorize civilian staff to travel to the area of operation was handed over to the Senior Operations Officer who controlled and authorized the movement of all military and civilian convoys during the confrontation;

(c) Security in Nahariya. The UNIFIL evacuation plan for civilian staff and their dependants was revised and practical steps taken to ensure full preparation for activation of the plan should the need arise. UNIFIL increased security alertness of the staff. In addition, the staff were briefed daily on the operational situation, including updates on safety and requirement to report to work.

C. United Nations Truce Supervision Organization

13. UNTSO has two outstanding issues with the Israeli authorities to report. Beginning on 26 February 1996, the Israeli authorities have randomly denied transit of UNTSO Palestinian local staff from their place of residence in the West Bank to their place of work at Government House. Although the reason given is security, the Israeli authorities have persistently avoided all attempts by UNTSO to come to an understanding on requirements. This, together with the randomness of admitting United Nations buses bringing staff to work one day and not admitting them the next, amounts to an abuse under Article 105 of the Charter.

14. UNTSO is obliged to send its diplomatic pouch to United Nations Headquarters, New York, out of Amman Airport in Jordan because the Israeli authorities will not permit the pouch to be delivered direct to the aircrew as is provided by the Vienna Convention. They insist it should be delivered to Israeli security 24 hours beforehand.

D. Office of the United Nations High Commissioner for Refugees

15. Over the past year, all the resources of UNHCR have been stretched to the limit in dealing with the continuing crises involving refugees and displaced persons. The sudden upsurges of violence in the Central African Republic and Liberia have added to the problems UNHCR is expected to deal with and resolve on a continuing basis. This places enormous physical stresses and strains on the staff, in addition to having in many cases to deal with the realities of working in areas of ongoing military operations.

16. The disregard shown by many of the combatants for the privileges and immunities of officials of the United Nations system has seen little if any

improvement in the past year and in this context there is a feeling of helplessness at the report of the killing of the three International Committee of the Red Cross (ICRC) delegates in Burundi.

17. As indicated in 1995, the indications of lack of respect for the privileges and immunities of officials of the United Nations, the specialized agencies and related organizations continue to arise in abundance. Unless and until there is an across-the-board acceptance by local authorities in the areas where United Nations operations of whatever kind are being conducted that they will provide adequate protection to staff and organization property, the current climate of stress and uncertainty of life is going to continue.

E. United Nations Children's Fund

18. The Government of Rwanda continues to hold without trial five UNICEF national staff members. Details are included in annex I above.

19. Also in Rwanda, five armed robberies were committed against UNICEF staff members in 1995 by men wearing uniforms of the Rwanda Patriotic Army.

20. During the past year there have been four armed robberies committed against staff in Angola by men who were either police or wore police uniform.

21. In Burundi and eastern Zaire, difficulties have been experienced with the authorities not respecting the United Nations certificate as a valid identity document for a United Nations consultant.

22. In Lima, two staff and several family members whose status as United Nations employees was initially not accepted by the police were placed at great risk in an anti-terrorist operation.

23. In summary, the main problem UNICEF experiences tends to be the result of individuals in authority, often armed, who ignore immunities in order to steal. It is not generally a case of the Government itself refusing to accept its obligations. UNICEF is trying to take this into account in planning security and in training staff.

F. United Nations Office at Nairobi

24. In the period under review, there have been no arrests or detention of officials of the United Nations or specialized agencies by the Government of Kenya. However, many United Nations officials have been victims of the rising tide of criminal violence and indeed two national staff members were murdered while on duty. Both were drivers; one was murdered in the course of a car hijacking in December 1995 and the other was murdered in the course of a robbery in May 1996. Armed car hijackings, whilst lately in decline, pose the greatest risk to United Nations officials. Over the last four years, three officials have been killed and two wounded. The crime statistics for the period under review are:

(a)	Armed vehicle hijacking	18 (including 3 attempts)
(b)	House robbery	24 (including 6 attempts)
(c)	Street crime	18 cases.

25. Over the past two years, the United Nations Office at Nairobi has impressed on the Government of Kenya the need to improve security for United Nations officials. In the last six months, there have been improvements in the situation. In particular, there has recently been a strengthening of measures by the Kenyan police against organized crime, in particular vehicle hijacking.

G. United Nations Relief and Works Agency for for Palestine Refugees in the Near East

Arrest and detention of UNRWA staff

26. There was a considerable rise in the number of staff members arrested and detained by the Palestinian Authority during the reporting period. A total of 93 staff members were arrested and detained in the Gaza Strip, compared with 58 last year. While the majority were detained for only short periods and 77 were released without charge or trial, by the end of the reporting period 16 staff members remained in detention. In the West Bank a total of 13 staff members were detained by the Palestinian Authority and 3 by the Israeli authorities. Of these, nine remained detained by the Palestinian Authority and two by the Israeli authorities at the end of the period. No staff members were detained in the Syrian Arab Republic and only one in Jordan, a decrease in both fields, compared with the preceding reporting period. One staff member was detained in Lebanon. By the end of the period no staff remained in detention in Jordan, Lebanon or the Syrian Arab Republic. A total of 111 staff members were detained throughout the area of operation during the reporting period. Of those, 84 were released without charge or trial and 27 remained in detention as at 30 June 1996.

27. As in previous years, while UNRWA continued to make frequent approaches to the relevant authorities in all its areas of operation, it was not provided with adequate and timely information as to the reasons for the arrest and detention of its staff members. In the absence of sufficient information, the Agency was unable to ascertain whether the staff members' official functions were involved, bearing in mind the rights and duties flowing from the Charter of the United Nations, the 1946 Convention on the Privileges and Immunities of the United Nations and the relevant staff regulations and rules of UNRWA.

28. In contrast to the difficulties referred to in last year's report, the Agency obtained access to all staff members from the West Bank detained during this and previous reporting periods by the Israeli authorities. The Agency also had access to all staff from the West Bank detained by the Palestinian Authority. In the Gaza Strip, however, the Agency experienced considerable difficulties in obtaining access to detained staff, and was able to visit only two staff detained by the Authority, though, as emphasized last year, it should be noted that most such detentions were for relatively short periods. Despite

continued approaches to the relevant Governments, the Agency remained unable to visit staff previously detained during prior reporting periods in Jordan, Lebanon and the Syrian Arab Republic.

Travel restrictions

29. The procedures instituted by the Israeli authorities to regulate entry to and exit from the West Bank and Gaza Strip described in last year's report became substantially more restrictive during the reporting period. Such procedures comprised the imposition of systems of exit permits and checkpoint controls, including searches, and the sealing of the West Bank and Gaza Strip for lengthy periods. As a result, movement of the Agency's staff and vehicles into and out of the West Bank and Gaza Strip was considerably impeded and frequently prevented. Following a spate of bombing incidents in Israel and the consequent complete sealing of the West Bank and Gaza Strip for three months, exit permits were generally cancelled and virtually no UNRWA area staff were able to exit those areas. During this time, approximately 270 UNRWA staff members living in the West Bank were prevented from attending to their duties at the Agency's West Bank Field Office and at UNRWA schools and health centres located in Jerusalem; staff members who were residents of East Jerusalem were prevented from entering the Gaza Strip. The Agency sought to establish with the Israeli authorities appropriate procedures to enable staff to resume their duties in Jerusalem; by the end of the reporting period this had not been satisfactorily achieved. Checkpoint controls established between different areas of the West Bank also impeded the effective movement of UNRWA staff and vehicles. These various restrictions had clear cost implications for the Agency's operations.

30. The particularly severe restrictions on movement out of the Gaza Strip and on entry to Gaza by residents of East Jerusalem required the Agency to use international staff as drivers in order to enable the Agency to operate effective transport facilities. At the Erez checkpoint, the Israeli authorities insisted on conducting comprehensive searches of UNRWA vehicles exiting the Gaza Strip, including on occasion those transporting senior Agency officials. Those searches included external and internal searches of vehicles, on occasion resulting in damage. The search procedures also resulted in time-consuming delays, sometimes of several hours, for Agency staff exiting the Gaza Strip. Throughout its negotiations with the Israeli authorities on that issue, the Agency placed special emphasis on the necessity of establishing effective procedures that would facilitate movement into and out of the Gaza Strip, especially in the context of the relocation of UNRWA headquarters there during July 1996. However, difficulties in this respect increased during the reporting period and, following the relocation, these restrictions constituted a serious impediment to the effective functioning of UNRWA headquarters.

31. Particularly as a result of the severe restrictions on movement described above, there continued to be lengthy delays in the clearance of local staff for official travel, including travel between the West Bank and Jordan via the Allenby Bridge. Further, the Israeli authorities refused to grant service visas to UNRWA headquarters staff members, including members of the Agency's international staff, who held residence in the West Bank and Gaza Strip and who were being transferred to the Agency's newly established headquarters in the

Gaza Strip and required them to enter on their private travel documents. As their entry and freedom of movement would have suffered restrictions and delays as a result, the Agency was obliged to redeploy most of those staff members to its other offices, where they could perform their duties free from these constraints.

Security and safety of UNRWA staff

32. The treatment and state of health of staff members in detention continued to be of concern to UNRWA, with staff after their release by both the Palestinian Authority and the Israeli authorities complaining of having been subjected to various forms of physical and psychological mistreatment. UNRWA provided medical assistance as required to detained staff members to whom the Agency obtained access and who were suffering from health problems.

33. With regard to the mistreatment of staff members in the West Bank and Gaza Strip by members of the Israeli security forces, instances of which had been reported in previous years, this was not an issue during the current reporting period.

H. United Nations Educational, Scientific and Cultural Organization

34. A UNESCO staff member of Netherlands nationality based in Jakarta was taken hostage in Irian Jaya province, Indonesia, on 8 January 1996 by separatist rebels of the Free Papua Movement (OPM). Another national of the Netherlands, four Britons, one German and a number of Indonesians were also taken. Both the Secretary-General of the United Nations and the Director-General of UNESCO strongly condemned the hostage-taking and issued appeals for the immediate release of all hostages. Through a series of protracted discussions over several months, the Indonesian authorities, with the valued assistance of the International Committee of the Red Cross (ICRC), attempted to secure the peaceful release of the hostages. The hostages were finally liberated through Indonesian military intervention on 15 May during which two of the hostages lost their lives at the hands of the rebels. UNESCO once again wishes to stress the United Nations system's concern for the safety and security of civilian personnel, which has been expressed forcefully by the Administrative Committee on Coordination (ACC) in a number of statements.

I. World Health Organization

35. During the period under review, WHO has not had any cases of significant failure to respect the privileges and immunities of officials. The following cases may illustrate the kind of problems WHO staff did, nevertheless, encounter regarding their privileges and immunities.

36. The immunity of a locally recruited staff member in a case of a traffic accident in the performance of official duties was questioned by the Moroccan authorities. The reason invoked was that the name of the staff member concerned

had not been included in the list of WHO officials communicated at regular intervals to the host country. The case is still pending.

37. Exemption from national taxes of salaries paid to locally recruited staff of the United Nations and its specialized agencies was questioned in January 1996 by the Indonesian authorities. This instance was the subject of a concerted reaction by the United Nations organizations and agencies, under the aegis of the Office of Legal Affairs of the Secretariat.

J. United Nations/Food and Agriculture Organization of the United Nations/World Food Programme

38. The following violations of privileges and immunities of WFP staff members have been reported to WFP headquarters:

Afghanistan

39. On 4 September 1995, Taliban forces invaded the city of Herat and it was necessary to evacuate a WFP international emergency officer for security reasons to Mashad, Islamic Republic of Iran, while the fighting continued.

40. In October 1995, a major Taliban offensive against Kabul was initiated and ground fighting was reported in the outskirts of the city with incoming rocket fire reaching Shar-e-Naw, where the WFP office and United Nations guesthouse are located. WFP staff were obliged to seek refuge in the bunker at the United Nations guesthouse.

41. On 20 March, two WFP vehicles were stopped by gunmen while travelling on the highway between Tolequan and Kunduz. The WFP emergency officer and driver, on assessment mission, were beaten and suffered slight injuries. The gunmen stole money and a number of items from the cars before leaving.

Angola

42. On 25 August 1995, a WFP-hired truck that had made a delivery for the non-governmental organization Caritas at Cacuso drove over a mine on the return journey to Malange. The driver's assistant and a Caritas worker were killed.

43. On 31 August 1995, in the same vicinity, another truck, also commercially hired and part of a WFP convoy returning empty from Malange to Luanda, detonated a mine. This time there were no casualties or injuries.

44. On 28 February 1996, in Likua, south-east Angola, a local WFP staff member who was working on an emergency distribution team, was fired upon by unknown persons while in his vehicle. The attack was never explained nor were the attackers identified.

45. In April 1996 a small WFP convoy travelling from Huambo to Vila Nova was attacked by a group of more than 20 armed men. During the attack shots were fired in the air and the trucks were looted as were personal possessions.

Bosnia and Herzegovina

46. On 5 May, a WFP national staff member was attacked by two armed masked men in Banja Luka; the WFP vehicle he was using was stolen.

Burundi

47. On 21 December 1995, in Ngozi, a grenade was thrown into the living room of the WFP residence causing extensive damage. No serious injuries were suffered because there had been various warning signals that had enabled the staff members to take necessary evasive action. The following day, five members of the Sans Échec group assembled outside the WFP warehouse in Ngozi refusing to leave until they had an audience with the WFP logistics officer. Their leader stated that attacks would continue until all WFP international staff left Ngozi. He also stated that his group intended to kill the WFP logistics officer that same evening. Later that day grenades exploded in the UNHCR parking lot damaging WFP, UNHCR and Belgian Red Cross vehicles. Four Sans Échec members forcibly entered the WFP residence, ransacked the contents and threw two grenades into the house. On 22 December United Nations and non-governmental organization staff were evacuated to Bujumbura.

Cambodia

48. A WFP monitor was directly threatened in July 1995 regarding his presence and activities in Kampong Thom. WFP was advised to limit operations in the province.

49. On 9 October 1995, west of Kompong Cham, a Cambodian Red Cross employee returning from a WFP field visit on a WFP motorcycle was accosted by armed thieves who shot and killed him.

50. On 26 March 1996, 28 members of a demining team from the Mines Advisory Group were abducted while clearing a road prior to reconstruction works with WFP food aid assistance. The abductors were reported as either Khmer Rouge soldiers or Khmer Rouge defectors. Twenty-six of the team were released the same day, but the team leader and his interpreter were kept as hostages. Their present situation is not known.

Central African Republic

51. Following the mutiny of elements of the military against the Government on 18 May 1996, incidents of looting and heavy fighting took place in Bangui. The house of one WFP staff member was looted and burned. The WFP office was also looted. WFP staff together with other international staff were evacuated. All local staff members were gathered in the UNDP compound with adequate security measures.

Liberia

52. Following the outbreak of violence in Liberia in early April 1996, all WFP international staff, with the exception of the country director and post captain, were evacuated. In mid-April WFP sent a rapid response team to assist

in the evacuation of international staff as well as other foreigners. Given the circumstances, a number of WFP national staff were evacuated as well. The WFP office in Monrovia was ransacked along with other missions and private homes.

Rwanda

53. On 31 August 1995, a WFP vehicle transporting the WFP finance officer was forced to stop by three armed men and robbed at gunpoint. An official WFP cheque in the amount of $200,000 for the Rwanda operation was taken, as were personal belongings. None of the staff members were injured and the stolen items were later recovered when the thieves had a car accident.

Somalia

54. On 17 September 1995, when the Somali faction leader General Aidid and 600 militiamen seized the south-western city of Baidoa, the WFP compound was looted, two guards were injured and the four international staff were taken to an unknown location. Later the same day a WFP national staff member was able to locate the international staff and convince the militia to transfer them to the same compound where another 16 international staff were held. As a result of United Nations negotiations the detainees were released after five days.

Sudan

55. A WFP aircraft was diverted by Sudanese rebels upon landing in Pariang on 8 June 1995. An international and a local staff member together with an FAO international staff member and two government officials were taken hostage to the town of Chukudam, controlled by the Sudanese People's Liberation Army. The detainees were released after 44 days of captivity.

56. On 16 September 1995, two WFP food aid monitors were caught in crossfire when the locality of Panthou was attacked. Contact was lost with them for two days before they were found in good condition.

57. Five WFP field monitor staff had to flee from Motot (Upper Nile) when it was attacked on 5 March 1996. They were picked up by a rescue aircraft eight hours later, suffering from heat exhaustion and dehydration.

58. On 15 March, the barge Doma, hired by WFP was forced to stop under gunfire on the southern bank of the Soba River by armed forces. The crew, consisting of 17 individuals, including a WFP international consultant and three WFP local staff, were removed and held in custody while the barge was looted and vandalized and the crew stripped of their personal belongings. They were released the same day.

Tajikistan

59. In May, local WFP staff who were distributing food in the Vaksh District in the Korgan-Tjube area of southern Tajikistan were threatened by groups of armed men. This type of incident has reportedly taken place on numerous occasions when local WFP staff have been distributing food.

Uganda

60. On 13 May, two local WFP field monitors and a driver travelling in a WFP vehicle were ambushed and robbed by six armed men near Ikafe. Reports regarding harassment of WFP truck drivers crossing the Uganda/Zaire border have been frequent during the last year.

Yemen

61. On 27 May, heavy shooting broke out within 100 metres of the combined UNDP/UNFPA/WFP offices in Sana'a. All staff were required to take cover in the basement while the government forces fought an armed group in a land dispute.

Zaire

62. WFP staff employed in Zaire are under continuous risk because of the prevailing security situation in the Goma area. On 3 June, violent combat was reported among Zairian military units. Twenty-six staff members were forced to spend the night in the WFP office.

63. A local WFP radio operator was present during the attack on the Agence France-Presse (AFP) office in Bunagana. The staff member played dead while 28 others were killed as they fled.

64. Finally, WFP staff are still increasingly exposed to life-threatening work environments in many countries.

ANNEX IV

List of United Nations programmes, funds, offices and missions, specialized agencies and related organizations that were requested to provide information for the present report

Economic Commission for Africa	ECA
Economic Commission for Latin America and the Caribbean	ECLAC
Economic and Social Commission for Asia and the Pacific	ESCAP
Economic and Social Commission for Western Asia	ESCWA
Food and Agriculture Organization of the United Nations	FAO
International Atomic Energy Agency	IAEA
International Civil Aviation Organization	ICAO
International Fund for Agricultural Development	IFAD
International Labour Organization	ILO
International Monetary Fund	IMF
International Maritime Organization	IMO
International Trade Centre	ITC
International Telecommunication Union	ITU
United Nations Conference on Trade and Development	UNCTAD
United Nations Disengagement Observer Force	UNDOF
United Nations Development Programme	UNDP
United Nations Educational, Scientific and Cultural Organization	UNESCO
United Nations Peacekeeping Force in Cyprus	UNFICYP
United Nations Population Fund	UNFPA
Office of the United Nations High Commissioner for Refugees	UNHCR
United Nations Children's Fund	UNICEF
United Nations Industrial Development Organization	UNIDO
United Nations Interim Force in Lebanon	UNIFIL

United Nations Office at Geneva	UNOG
United Nations Office at Nairobi	UNON
United Nations Office for Project Services	UNOPS
United Nations Office at Vienna	UNOV
United Nations Relief and Works Agency for Palestine Refugees in the Near East	UNRWA
United Nations Truce Supervision Organization	UNTSO
United Nations University	UNU
United Nations Volunteers	UNV
Universal Postal Union	UPU
World Food Programme	WFP
World Health Organization	WHO
World Intellectual Property Organization	WIPO
World Meteorological Organization	WMO
World Bank	

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UNITED NATIONS PENSION SYSTEM

Investments of the United Nations Joint Staff Pension Fund

Report of the Secretary-General

I. INTRODUCTION

1. The General Assembly decided in 1992 to take up pension matters biennially, in even-numbered years. The present report on the investments of the United Nations Joint Staff Pension Fund (UNJSPF) covers the period from 1 April 1994 to 31 March 1996. The investment of the assets of the Fund is the fiduciary responsibility of the Secretary-General of the United Nations, who acts in consultation with the Investments Committee, taking into account the observations on broad policy of the United Nations Joint Staff Pension Board (UNJSPB) and the General Assembly. The Investments Committee provides advice to the Secretary-General on investment strategy and reviews the investment portfolio in detail. The representative of the Secretary-General for the investments of UNJSPF, who has been delegated the responsibility for the management and administration of the investments of the assets of the Fund by the Secretary-General, is assisted by the staff of the Investment Management Service. All investments must, at the time of purchase, meet the criteria of safety, profitability, liquidity and convertibility. These criteria have been endorsed by the General Assembly.

2. The report describes the economic and investment conditions that prevailed in the reporting period ended 31 March 1996 and provides information on the investment returns, the diversification of the investments and the development-related investments of the Fund. The data are based on the audited financial statements for the two calendar years 1994 and 1995 and the unaudited appraisals for the quarter ended 31 March 1996. In order to provide the General Assembly with the most timely information available, some data have been updated to 30 June 1996.

II. ECONOMIC AND INVESTMENT CONDITIONS

3. This section reviews the economic and investment environment that prevailed during the two years ended 31 March 1996. Economic activities and financial markets within countries tend to follow cyclical patterns. Through diversification of assets by currency, by geography and by type of investment, the Fund strives to benefit from the differences between markets in order to preserve the principal of the Fund and to achieve better and more stable investment returns than would otherwise be obtained. The management of the assets of the Fund has followed a relatively cautious strategy of minimizing risk in order to obtain overall positive returns over the periods.

4. Economic activity continued to improve worldwide during most of the period under review but started to slow down in most major industrialized countries towards the end of the period. In 1994, the United States of America, Canada, the United Kingdom of Great Britain and Northern Ireland and Australia experienced relatively strong economic growth; economic recovery accelerated in continental Europe; Japan started to show signs of improved economic activities; and the developing economies experienced above average growth rates. Inflation worldwide remained low by historical standards, but interest rates in many places increased slightly, led by the United States where the central bank progressively increased short-term rates in order to prevent inflationary pressures triggered by stronger than expected growth. By the end of the period, largely owing to the successful efforts of major central banks, some major economies achieved a lower sustainable growth with low inflation, while Japan appeared to be firmly on the path of economic recovery. In the second half of 1995, as the growth of some economies slowed sharply, interest rates were gradually reduced again. Commodity prices, which registered sharp increases in 1994 and then stabilized for a while, ended the year 1995 substantially higher, not so much owing to increased demand as to shortages in supply, inventory declines, and weather-related factors. The period under review can be characterized as one of transition, in which most economies continued structural reforms to liberalize trade and investments by local and international investors, and also to reduce budget deficits. Other key events that created volatility in the currency and financial markets included the derivative losses incurred by established institutions and corporations, the Mexican financial crisis, which affected emerging markets in general, the strength of the yen against the dollar, and the continued struggle by the European Union to meet the convergence criteria for economic and monetary union.

5. In North America, the economy in the United States achieved strong growth in the gross domestic product of 4.1 per cent during 1994, which was reduced to a more sustainable growth rate of 2.1 per cent in 1995. Low levels of inflation prolonged the economic expansion. This was achieved mainly through a series of interest rate increases by the Federal Reserve Bank starting in February 1994, which, by restricting monetary growth and liquidity, prevented inflation from feeding into the system. Inflation, as measured by the consumer price index, remained relatively low, rising from 2.5 per cent at the end of March 1994 to 2.9 per cent at the end of March 1995, and at the end of the period under review, was at 2.8 per cent. This can be compared with a level of 4.9 per cent in March 1991, at the beginning of the economic expansion. Unemployment declined from 6.5 per cent to 5.6 per cent. The Canadian economy mirrored that

of the United States, with its gross domestic product growth slowing from 4.3 per cent during 1994 to 2.2 per cent in 1995. The engine of growth continued to be the export sector. Unemployment and national and provincial deficits, even though on a declining trend, remained high.

6. In Europe, Germany, the Netherlands, France and Switzerland the economies emerged from recession in the second quarter of 1994. Various sectors like capital goods, investment, consumer spending and exports showed signs of recovery, which accelerated as the year progressed. The United Kingdom, which was ahead in the economic cycle, registered relatively strong growth. The benefit of declining interest rates in much of continental Europe boosted economic recovery which continued into most of 1995. As the year progressed, however, the requirements of the Maastricht Treaty on convergence criteria for economic and monetary union and the resulting conflict between the need for fiscal discipline and the demands of social welfare caused volatility in currency, bond and equity markets. These began to take their toll on economic activities and, towards the end of 1995, a sharp slowdown in economic growth was evident. In the first quarter of 1996, the United Kingdom and France were showing stronger growth but Germany and Switzerland were encountering difficulties.

7. Central and Eastern European countries and the Commonwealth of Independent States continued to show progress in the restructuring of their economies. The Polish economy continued to thrive after four years of strong economic growth. The Czech Republic benefited from foreign capital inflows and is reorienting its exports to Western markets. With better growth and more stable inflation, Hungary will soon apply to be a member of the Organisation for Economic Cooperation and Development (OECD). For the region as a whole, reform, privatization and liberalization seemed very much the order of the day.

8. In Asia, the Japanese economic recovery was stalled by a series of unexpected natural and man-made disasters, among them political uncertainties, an earthquake, terrorist attacks, the banking crisis, the unprecedented strength of the yen and trade disputes. By the end of the period under review, however, progress had been made on most fronts, and the economy is now showing the strongest signs of recovery in five years, with increased liquidity, lower inventories, stronger consumption and capital expenditure, and improved business confidence. A record low official discount rate, 0.5 per cent, a weaker yen, and the restructured economy are expected to put the country in a more competitive position to boost gross domestic product growth from 0.3 per cent in 1994 and 1 per cent in 1995 to a healthy 3 per cent forecast for 1996.

9. In the rest of Asia, economic growth has been robust, at an average annual rate of 8 per cent. As a result, inflation became a major concern throughout the region, and measures to control inflation, as exemplified by China's austerity programmes since early 1994, have had a dampening effect on investment and economic activities. Political uncertainties also affected sentiment, causing corrections in the property market, e.g., Hong Kong, and even capital flight in some cases, as in Taiwan Province of China during the Taiwan Strait crisis. By the end of the period under review, these uncertainties had subsided somewhat with the completion of two general elections in Asia, i.e., Australia and Taiwan Province of China. Among encouraging economic signs, Japan's

recovery and China's easing of its austerity programme bode well for the regional economies, including resource-based ones such as Australia and New Zealand, which are poised for a resurgence in activities as a result of stronger demand.

10. The other developing economies as a whole experienced varying rates of growth. After robust growth in 1994 that was fuelled in part by exports, Argentina's economy went into recession in 1995. Unemployment rose and private sector credit fell. In the wake of the Mexican crisis, there was a massive outflow of money from Argentina's banking system but an International Monetary Fund (IMF) rescue package helped restore stability and confidence and funds gradually returned to the banking system in early 1996. In Brazil, after years of high inflation and currency instability, the Real plan succeeded in stabilizing the currency and lowering inflation, resulting in a sharp increase in the purchasing power of consumers, particularly at the lower income levels. The Government began to address the issue of privatizing State-owned companies and made important constitutional reforms. Chile's economy registered strong growth over the past two years, fuelled by strong domestic demand, high export volumes and firm prices of major commodities such as copper, pulp and paper. Economic growth in Asian emerging markets remained strong over the past two years, with a high level of exports and rising domestic demand in most economies. Foreign direct investment into the region remained high. India continued to liberalize its economy and enhance efficiency.

11. Economic growth in the Middle East benefited from the signing of the peace accord and greater stability in the region. In Africa, many countries continued to implement structural adjustment programmes, liberalize their economies and achieve greater efficiencies through privatization. In Kenya, foreign exchange controls were removed and interest rates were deregulated. However, many economies, including that of Zimbabwe, remained highly dependent on agriculture and were affected by factors such as long droughts. South Africa's economy continued to benefit from the change in political structure, with increasing gross domestic product and declining inflation rates.

12. The world financial markets experienced high volatility during the period under review. Early in 1994, a reversal in the multi-year trend of declining interest rates took place in the United States that had wide-ranging effects worldwide. The increase in short-term interest rates also caused long-term rates to go up, and bond markets worldwide experienced their worst year in many years. The sharp devaluation of the Mexican peso and subsequent financial crisis in Mexico at the end of 1994 and the beginning of 1995 triggered the "Tequila Effect", so-called for its indiscriminate spreading of negative sentiment towards almost all emerging markets. In addition, the collapse of a major financial institution and major derivative losses by established institutions and corporations caused central banks to tighten controls to rid the financial system of speculative excesses. As a result, most emerging markets and those in countries with high current account deficits had very weak performances in 1994.

13. In 1995, the markets were driven by the themes of downsizing, restructuring and consolidation. These themes started in the United States and were propelled by advances in technology and the widespread use of multimedia communications.

Liquidity increased as a result of declining interest rates and cross-border capital flows were strong. Improving corporate balance sheets led to high levels of merger and acquisition activities in many countries. Many major markets, led by the United States, made impressive advances and registered record high levels.

III. INVESTMENT RETURN

A. Return for the year

14. The market value of the assets of the UNJSPF increased to US$ 15,539 million on 31 March 1996 from $12,534 million on 31 March 1994, an increase of $3,005 million, or 24 per cent. The total investment return for the year to 31 March 1995 was 8.7 per cent and for the year to 31 March 1996 was 14.6 per cent, which, after adjustment by the United States consumer price index, represent positive "real" rates of return of 5.6 per cent and 11.5 per cent, respectively.

15. The strength of the major currencies against the United States dollar contributed significantly to the total return for the period ended 31 March 1995. The investments denominated in Japanese yen, Netherlands guilder and deutsche mark had a positive impact on the total return. Among asset classes, the Fund's exposure to non-United States dollar bonds contributed more to the total return than any other asset class of the Fund. In the period ended 31 March 1996, market weightings and market performance contributed more to the total return. The equity portfolio significantly outperformed all other asset classes.

16. The rates of return contained in the present report have been calculated by an outside consultant, using a generally accepted method that was fully explained in the report on the management of the investments submitted to the Board at its thirty-fourth session. The method includes actual income received from dividends and interest as well as realized capital gains and losses, and takes into account changes in the market value of the investments and the timing of cash flows.

17. Table 1 below shows the contribution of each asset class to the total return for the years 1993 to 1996.

18. For the year ended 31 March 1995, the bond portfolio had the highest return of 12.9 per cent, followed by the equity portfolio with a return of 8.1 per cent. However, for the year ended 31 March 1996, the equity portfolio, with a return of 20.5 per cent, significantly outperformed the bond portfolio, which had a return of 5.1 per cent. The real estate portfolio was the second-best performing asset class, with a healthy return of 10.4 per cent. Of the four years shown in table 1, United States equities outperformed non-United States equities in 1996, 1995 and 1993 while non-United States bonds outperformed United States bonds in 1995, 1994 and 1993.

19. It must be stressed again that short-term results have little meaning in the context of a long-term investment strategy. Short-term results are largely

influenced by the volatility of securities markets, which are difficult to predict and impossible to control. The management of the Fund is geared to maintaining a careful balance between risk and reward expectations over the medium to long term, rather than taking the risk inherent in seeking very high short-term returns. These considerations are even more pertinent now, taking into account the economic and market environment experienced during the period under review.

Table 1

Total Fund: percentage rates of total return based on market value for the years ending 31 March

	1996	1995	1994	1993
Equities				
United States equities	30.2	11.1	-2.7	17.3
Equities outside United States	15.1	6.5	24.4	6.7
Total equities	20.5	8.1	12.4	11.2
Bonds				
United States dollar bonds	8.0	2.9	3.4	15.9
Non-United States dollar bonds	3.3	18.6	10.1	17.7
Total bonds	5.1	12.9	7.7	16.9
Real estate	10.4	0.0	0.5	-6.6
Short-term investments and reserves	4.1	5.0	2.5	7.5
Total Fund	14.6	8.7	9.7	11.6

B. Long-term rates of return

20. The strategy of UNJSPF requires a focus on returns that covers periods longer than one year. To provide a longer-term perspective, the annual rates of return from 1962 to 1996 are shown in table 2. It shows the annual rates of return for the total Fund and for the different asset classes over the last 36 years. Table 3 provides detailed information on the returns for the years 1994, 1995 and 1996, which were 9.7 per cent, 8.7 per cent and 14.6 per cent respectively. The cumulative annualized total returns for the last 5, 10, 15, 20 and 25 years were approximately 10.4 per cent, 10.5 per cent, 12.1 per cent, 11.3 per cent and 9.9 per cent, respectively. The cumulative annualized total rate of return over the 36-year period for which data are available was 8.8 per cent, representing a yearly "real" rate of return of 3.7 per cent after adjustment by the United States consumer price index.

Table 2

Total Fund: annual total rate of return, percentages based on market value, 31 March 1962-31 March 1996

Year	Equities				Bonds				Real estate	Short term	Total Fund	Year
	United States	Outside United States	Total	World market index a/	United States	Outside United States	Total b/	World bond index c/				
1962	12.37	0.87	11.65	-	-	-	3.91	-	-	-	6.61	1962
1963	(0.60)	(16.34)	(0.59)	-	-	-	5.49	-	-	-	4.07	1963
1964	18.18	7.48	17.45	-	-	-	2.12	-	-	-	8.24	1964
1965	10.89	8.30	10.44	-	-	-	4.41	-	-	-	6.98	1965
1966	4.53	3.22	4.31	-	-	-	(2.14)	-	-	-	0.66	1966
1967	11.76	(2.32)	8.98	-	-	-	3.97	-	-	-	7.91	1967
1968	2.86	28.30	7.46	-	-	-	(4.89)	-	-	-	1.60	1968
1969	13.35	20.07	14.64	-	-	-	2.66	-	-	-	9.09	1969
1970	(5.10)	(2.18)	(4.49)	-	-	-	1.41	-	-	-	(1.75)	1970
1971	13.94	3.31	11.46	9.28	-	-	14.10	-	-	8.73	13.53	1971
1972	14.13	34.30	18.33	16.92	-	-	9.41	-	11.58	7.15	16.98	1972
1973	5.85	20.77	9.49	13.47	-	-	7.40	-	4.78	5.92	8.55	1973
1974	(16.70)	(21.48)	(18.10)	(16.40)	-	-	1.92	-	10.18	10.70	(13.55)	1974
1975	(11.20)	11.60	(5.16)	(6.09)	6.20	14.63	6.55	-	(1.03)	12.35	0.18	1975
1976	16.37	10.76	14.58	15.59	11.22	1.91	10.02	-	5.16	7.70	13.16	1976
1977	(8.25)	(3.75)	(6.62)	(0.95)	10.40	15.20	11.06	-	3.70	5.20	(0.26)	1977
1978	(5.60)	20.31	4.16	6.11	5.62	24.39	8.72	-	8.25	7.67	6.12	1978
1979	22.36	21.67	22.07	21.27	4.70	12.50	6.63	8.04	16.86	8.56	15.07	1979
1980	10.89	(10.31)	1.08	(0.18)	(9.53)	(4.64)	(7.63)	(13.16)	17.42	11.75	(0.39)	1980
1981	43.19	39.60	41.45	34.80	14.99	9.45	12.51	20.38	14.71	15.76	26.60	1981
1982	(17.88)	(19.64)	(18.77)	(15.00)	11.08	0.40	6.20	(0.69)	17.51	17.95	(7.85)	1982
1983	40.91	23.60	33.55	31.60	32.53	14.54	24.89	20.54	7.07	12.76	27.05	1983

Year	Equities				Bonds				Real estate	Short term	Total Fund	Year
	United States	Outside United States	Total	World market index a/	United States	Outside United States	Total b/	World bond index c/				
1984	5.08	32.46	15.66	17.30	5.46	12.42	8.67	8.20	13.33	13.07	13.01	1984
1985	20.75	(6.82)	9.54	7.20	17.86	(8.22)	4.53	5.50	13.47	3.62	8.09	1985
1986	34.95	58.48	43.44	56.02	54.30	50.33	51.21	48.70	10.75	6.95	41.52	1986
1987	21.63	43.88	30.01	43.22	9.14	32.63	22.59	17.42	12.67	11.97	24.69	1987
1988	(12.18)	2.15	(4.74)	5.81	3.26	20.24	12.65	11.42	9.19	7.67	3.10	1988
1989	13.20	10.00	11.30	13.56	2.10	(5.50)	(2.40)	0.36	8.20	10.40	5.90	1989
1990	21.54	13.21	16.57	(2.30)	10.47	2.93	6.20	3.12	12.31	9.72	11.56	1990
1991	8.9	1.2	4.5	3.2	12.5	17.4	15.0	16.2	5.1	13.1	8.9	1991
1992	11.3	0.1	4.9	(0.5)	13.7	14.0	14.0	14.0	(4.1)	6.5	7.6	1992
1993	17.3	6.7	11.2	12.7	15.9	17.7	16.9	19.0	(6.6)	7.5	11.6	1993
1994	(2.7)	24.4	12.4	14.0	3.4	10.1	7.7	6.8	0.5	3.0	9.7	1994
1995	11.1	6.5	8.1	9.8	2.9	18.6	12.9	12.1	0.0	5.0	8.7	1995
1996	30.2	15.1	20.5	20.7	8.0	3.3	5.1	5.3	10.4	4.1	14.6	1996

a/ Source: Morgan Stanley Capital International S.A., Geneva.

b/ The proportion of bonds held outside the United States was not significant prior to 1975.

c/ Source: Salomon Brothers Inc., New York.

/...

Table 3

Total Fund: annual rates of return based on market value, percentages for selected periods ending 31 March

	1996	1995	1994	5 years up to 1996	10 years up to 1996	15 years up to 1996	20 years up to 1996	25 years up to 1996	36 years up to 1996 a/
United States equities	30.2	11.1	(2.7)	12.9	11.4	12.5	12.1	9.7	9.5
Equities outside United States	15.1	6.5	24.4	10.2	11.7	12.5	12.4	11.8	10.3
Total equities	20.5	8.1	12.4	11.3	11.1	12.2	12.0	10.1	9.7
United States bonds	8.0	2.9	3.4	8.6	8.3	13.0	10.9	10.2	8.0
Bonds outside United States b/	3.3	18.6	10.1	12.6	12.7	12.5	12.1	-	-
Total bonds	5.1	12.9	7.7	11.2	11.0	13.2	11.4	10.5	8.3
Real estate related c/	10.4	0.0	0.5	(0.1)	4.7	7.2	8.4	-	-
Short-term investments	4.1	5.0	3.0	5.0	7.7	8.7	9.0	-	-
Total Fund in United States dollars	14.6	8.7	9.7	10.4	10.5	12.1	11.3	9.9	8.8
Inflation-adjusted return (based on United States CPI)	11.5	5.6	7.0	7.3	6.7	8.0	5.7	4.1	3.7
Total Fund in ECU	21.5	(5.8)	14.2	9.4	7.2	-	-	-	-
Inflation-adjusted return (based on ECU countries' CPI) d/	18.3	(8.2)	11.1	5.7	3.2	-	-	-	-

a/ The Fund's performance has been calculated for the last 36 years.

b/ The proportion of bonds held outside the United States was not significant prior to 1975.

c/ No real estate investments were held prior to 1972.

d/ No significant data prior to 1979.

21. As the purpose of the Fund is to secure retirement and other related benefits for its participants, the policy of the management of the Fund's investments is geared to preserving the principal of the Fund by maintaining a careful balance between risk and reward. At the same time, the investments are assessed over the medium term and the longer term rather than acting on the basis of short-term investment results, which are not in themselves particularly meaningful for a fund such as UNJSPF, which has long-term investment objectives and liabilities. Periods of five years or longer are usually considered to be reasonable periods in which to assess the investment results.

IV. INVESTMENT DIVERSIFICATION

22. The policy of broad diversification of investments by currency, types of asset classes and geographical areas continued to be the most reliable method to reduce risk and improve returns over long periods of time. UNJSPF is unique among major pension funds in its commitment to global investment. Figures I and II show the diversification geographically and by currency, respectively. In terms of geographical diversification, the proportion of the Fund invested in North America increased slightly to 38 per cent from 37 per cent. Investments in Europe were at the same level as in 1994 in percentage terms. In the Far East, the proportion of investments increased to 24 per cent from 22 per cent owing to net buying and appreciation. With the geographic changes, the currency diversification also changed as discussed above. Tables 4 and 5 provide detailed breakdowns of the diversification by geography and by currency.

Figure 1

Total Fund: geographic diversification
31 March 1994, 1995 and 1996

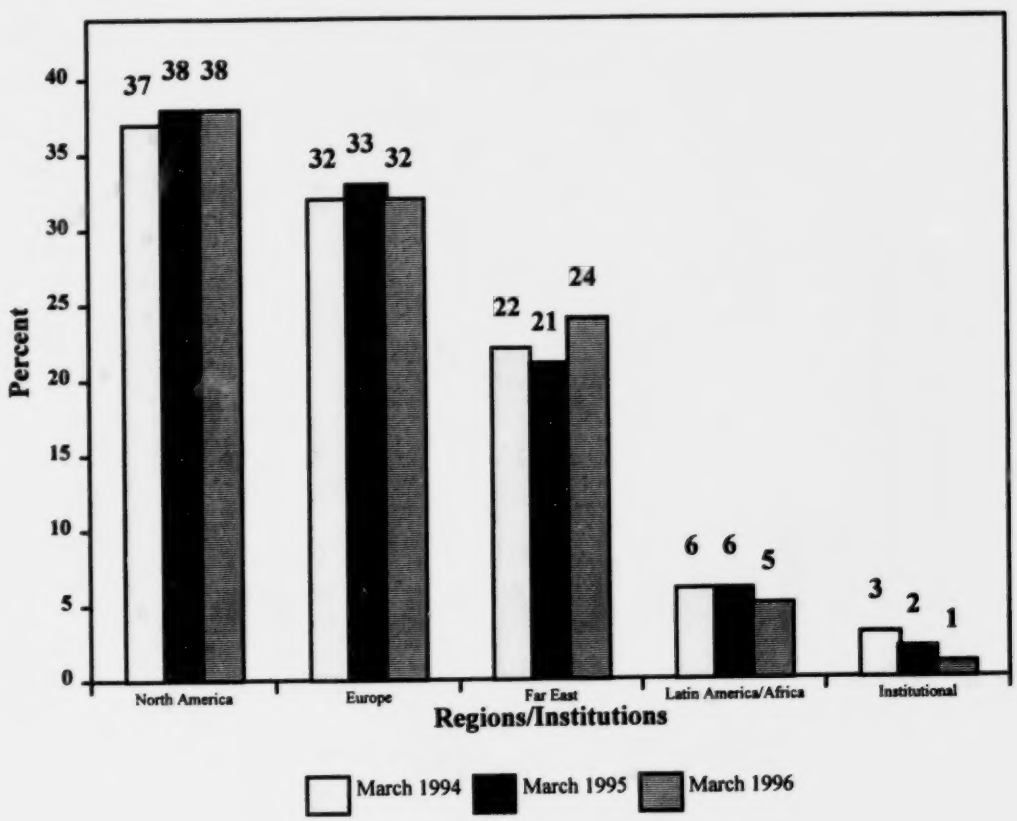

Figure II

Total Fund: currency diversification
31 March 1994, 1995 and 1996

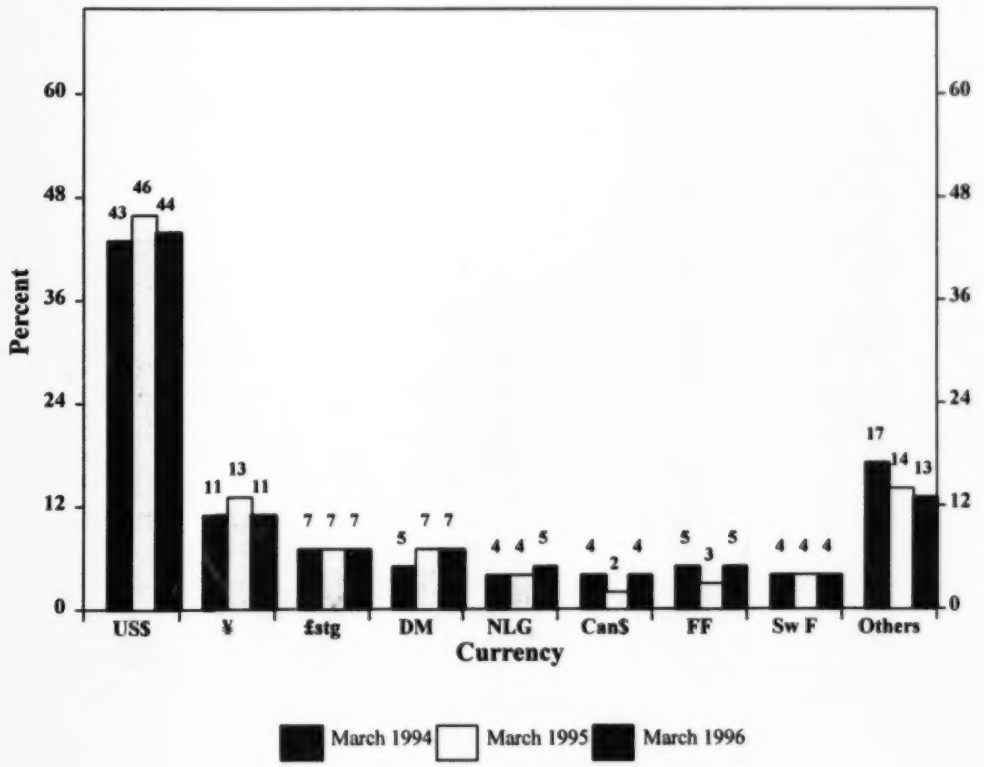

Table 4

Total Fund: countries/areas of investment a/

Market value as at 31 March 1996

(In millions of United States dollars)

Countries/areas	Currencies other than United States dollars	United States dollars	Total	Percentage
Argentina	0.0	44.9	44.9	0.29
Australia	281.2	73.5	354.6	2.28
Austria	35.7	0.0	35.7	0.23
Belgium	52.8	0.0	52.8	0.34
Brazil	35.6	6.9	42.5	0.27
Canada	339.9	189.4	529.3	3.41
Chile	0.0	21.4	21.4	0.14
China	6.2	36.5	42.7	0.27
Colombia	0.0	7.9	7.9	0.05
Denmark	183.9	24.3	208.2	1.34
Emerging markets	0.0	25.4	25.4	0.16
Finland	44.0	0.0	44.0	0.28
France	515.2	0.0	515.2	3.32
Germany	1 003.9	40.7	1 044.7	6.72
Ghana	8.3	0.0	8.3	0.05
Greece	18.7	0.0	18.7	0.12
Hong Kong	308.4	42.4	350.8	2.26
Hungary	0.0	12.0	12.0	0.08
Iceland	0.0	14.2	14.2	0.09
India	11.8	25.3	37.1	0.24
Indonesia	0.0	10.3	10.3	0.07
International institutions	10.7	169.7	180.4	1.16
Ireland	90.5	10.6	101.2	0.65
Israel	0.0	23.4	23.4	0.15
Italy	153.3	11.6	164.9	1.06
Japan	1 876.7	16.6	1 893.3	12.18
Jordan	5.3	0.0	5.3	0.03
Kenya	1.6	0.0	1.6	0.01

Countries/areas		Currencies other than United States dollars		United States dollars	Total	Percentage
Malaysia		168.1		27.7	195.8	1.26
Mauritius		0.0		3.0	3.0	0.02
Mexico		15.8		43.0	58.8	0.38
Netherlands		679.0		48.6	727.6	4.68
New Zealand		152.0		24.4	176.4	1.14
Norway		47.3		0.0	47.3	0.30
Pakistan		0.0		2.5	2.5	0.02
Philippines		36.3		32.5	68.8	0.44
Portugal		8.5		5.1	13.6	0.09
Regional institutions - Africa		116.3		106.3	222.6	1.43
Regional institutions - Europe		121.0		148.9	269.8	1.74
Regional institutions - Latin America		38.3		102.3	140.6	0.90
Regional institutions - South-East Asia		155.6		136.3	291.9	1.88
Republic of Korea		0.0		124.7	124.7	0.80
Russian Federation		12.2		0.0	12.2	0.08
Singapore		172.4		0.0	172.4	1.11
South Africa		74.7		10.6	85.3	0.55
Sweden		53.9		170.9	224.8	1.45
Switzerland		381.1		24.8	405.9	2.61
Tunisia		4.9		0.0	4.9	0.03
Turkey		6.8		4.1	10.9	0.07
United Kingdom of Great Britain and Northern Ireland		1 093.8		20.5	1 114.3	7.17
Total outside United States of America	53.5%	8 321.8	11.9%	1 842.9	10 164.7	65.41
United States of America	0.0%	0.0	34.6%	5 374.6	5 374.6	34.59
Total Fund	53.5%	8 321.8	46.5%	7 217.4	15 539.2	100.00

a/ The country of investment is generally based on the domicile of the issuer. Convertible securities are classified according to the currency into which they are convertible. Various investment trusts, which trade in currencies other than the currencies of the investments, are classified under the countries.

Table 5

Total Fund: currencies other than United States dollars a/

Market value as at 31 March 1996

Currency	United States dollar equivalent (millions)	Percentage
Australian dollar	281.1	3.3
Austrian schilling	35.7	0.4
Belgian franc	52.8	0.6
Brazilian real	35.6	0.4
Canadian dollar	367.2	4.4
Danish krone	183.9	2.2
Deutsche mark	1 034.5	12.3
European currency unit	5.1	0.1
Finnish markka	44.0	0.5
French franc	515.3	6.1
Greek drachma	18.7	0.2
Hong Kong dollar	314.6	3.7
Irish pound	90.5	1.1
Italian lira	153.3	1.8
Japanese yen	2 028.9	24.1
Jordanian dinar	5.3	0.1
Kenyan schilling	1.6	0.0
Malaysian ringgit	155.6	1.8
Mexican new peso	15.8	0.2
Netherlands guilder	679.1	8.1
New Zealand dollar	152.0	1.8
Norwegian krone	47.3	0.6
Philippine peso	36.3	0.4
Pound sterling	1 141	13.5
Singapore dollar	184.9	2.2

Currency	United States dollar equivalent (millions)	Percentage
South Africa rand	74.7	0.9
Swedish krona	171.0	2.0
Swiss franc b/	594.1	7.0
Turkish lira	6.8	0.1
Total non-United States dollar	8 427.0	100.0

a/ Convertible securities are classified according to currency into which they are convertible.

b/ Includes various investment trusts, which trade in currencies other than the currencies of the investment.

V. INVESTMENTS IN DEVELOPING COUNTRIES

23. In compliance with the requests of the General Assembly to invest in developing countries in accordance with the established investment criteria, efforts were made to identify appropriate investment opportunities. Direct and indirect investments in developing countries amounted to $1,883 million at cost on 30 June 1996, an increase of 8 per cent since 30 June 1994. The details of these investments are provided in table 6. The increases were a result of additional investments in Latin America, which increased by 4 per cent; investments in Asia increased by 24 per cent and investments in Africa increased by 13 per cent. Development-related investments accounted for 14.8 per cent of the Fund's assets at book value; about 41 per cent of these holdings were denominated in currencies other than the United States dollar.

24. The Investment Management Service continues to have close contacts with the World Bank, IMF, regional development banks and private sources in order to take advantage of investment opportunities in developing countries. Several investment visits were undertaken in Africa, Latin America, the Middle East and Asia during the period under review. A number of emerging economies are developing their capital markets in order to offer long-term investment opportunities to institutional investors. Continued privatization programmes initiated in some African countries and the continued opening and development of financial markets increased investment activities in these countries. The Fund continues to actively explore investment opportunities in these markets.

25. Despite the growth of capital markets in some developing countries, restrictions still exist that preclude the Fund from investing directly in domestic financial markets. However, owing to recent active privatization and continued launching of investment trusts and country funds, the Fund has been able to increase its investments in some markets. In other cases, the only feasible option is to invest in development-related securities through the specialized international and regional institutions that issue securities. These securities are usually bonds denominated in convertible currencies and are traded actively in the markets in which they were issued. These debt instruments are considered high-quality investments. As these institutions are geared to provide funds for projects in developing countries, they have the necessary expertise to undertake the detailed analyses and feasibility studies that are required for direct investments in individual projects. Investments in these securities are the most effective means of complying both with the requests of the General Assembly and with the investment criteria of UNJSPF.

Table 6

Development-related investments: book value as at 30 June 1994 and 30 June 1996

(In thousands of United States dollars)

Regions/countries	United States dollars	Other currencies	Total 1996	Total 1994
Africa				
Ghana	7 122		7 122	1 500
Kenya	0	219	219	219
Mauritius	3 000	0	3 000	3 000
South Africa	14 986	76 342	91 328	
Tunisia	0	4 633	4 633	4 633
Regional funds	7 270	0	7 270	5 884
	32 378	81 194	113 572	15 236
Development institutions	96 114	94 210	190 324	254 681
Total Africa	128 492	175 404	303 896	269 917
Asia				
China	27 982	5 934	33 916	52 108
Hong Kong	18 412	138 568	156 980	160 908
India	17 081	7 179	24 260	18 771
Indonesia	10 383	0	10 383	10 383
Jordan	0	4 511	4 511	4 115
Malaysia	26 199	52 260	78 459	87 704
Pakistan	2 375	0	2 375	1 995
Philippines	13 524	36 131	49 655	35 778
Republic of Korea	120 261	0	120 261	65 475
Singapore	0	82 224	82 224	62 597
Regional funds	63 392	26 788	90 180	51 401
	299 609	353 595	653 204	551 235
Development institutions	133 476	34 648	168 124	111 720
Total Asia	433 085	388 243	821 328	662 955
Europe				
Turkey	5 762	7 276	13 038	12 837
Regional funds	99 022	36 549	135 571	68 663
Total Europe	104 784	43 825	148 609	81 500

Regions/countries	United States dollars	Other currencies	Total 1996	Total 1994
Latin America				
Argentina	58 295	0	58 295	45 674
Brazil	3 652	35 140	38 792	14 664
Chile	19 963	0	19 963	8 686
Colombia	9 255	0	9 255	4 958
Mexico	50 316	1 120	51 436	87 494
Peru	0	2 006	2 006	0
Regional funds	14 788		14 788	9 788
	156 269	38 266	194 535	171 264
Development institutions	110 985	120 390	231 375	240 036
Total Latin America	267 254	158 656	425 910	411 300
Other development institutions (IBRD)	154 692	6 676	161 368	310 627
International Investment Trust (Emerging markets)	22 359	0	22 359	15 008
Total development-related	1 110 666	772 804	1 883 470	1 751 307

VI. ADVISORY SERVICES

26. In section VII of its resolution 49/224 of 23 December 1994, the General Assembly requested the Secretary-General, among other things, to review the arrangements for the provision of institutional advice. The Fiduciary Trust Company International (FTCI) currently serves as the global investment adviser to the Fund. It makes recommendations on investment strategy and specific investment ideas for the Fund, conducts research and provides economic, market and security analyses. In addition to providing specific recommendations, in writing, on the purchase and sale of securities and economic analyses, the adviser meets each week with the staff of the Investment Management Service to review a portion of the portfolio and every six weeks to review the whole portfolio. The purpose of these meetings is to ensure that both staff and the advisers are fully informed of important developments in the financial markets. Through these exchange of views and information, asset allocation recommendations are discussed and formulated.

27. In the light of the General Assembly resolution, the Secretary-General decided that the arrangement be evaluated and a worldwide competitive bidding be conducted to identify one or more advisers to provide to the Investment Management Service, research, macro/microeconomic analyses, securities, market and sector analyses (global and regional). Such an investment adviser(s) will also be responsible for making recommendations on specific securities asset class, currency, and regional allocations. The current advisory contract between the United Nations and FTCI expired on 30 June 1996. As it was anticipated that the selection process would not be completed by the expiration date, the current contract was extended for a maximum period of 270 days or such earlier date as the United Nations would provide written notice to FTCI.

28. A request for proposal was prepared by outside legal counsel with expertise in this area and in consultation with the United Nations Office of Legal Affairs and the staff of the Investment Management Service. The request was divided into four major sections: an overview of the Fund and its investment arrangements, proposal instructions, the business profile and the proposal questions. After sending the request to potential bidders, a pre-proposal informational meeting was held on 15 February 1996, and 24 institutions attended the meeting. Twelve institutions submitted acceptable responses to the request; one institution was disqualified for submitting the response beyond the deadline. The 12 institutions were from the following countries: France (2), Japan (3), the United Kingdom (2) and the United States (5).

29. Under the United Nations rules on contractual arrangements, the contracting office would present their recommendations to the United Nations Committee on Contracts. Owing to the specialized nature of the investment advisory services, the Secretary-General set up a High-Level Contracting Group of five members headed by the Controller of the United Nations. The Group includes officials from United Nations programmes and agencies as well as the Secretary of the Pension Board. The Group will review the Investment Management Service recommendations and the background documentation and will arrive at its own conclusions. The Group will make its recommendations of one or more investment advisers to the representative of the Secretary-General sometime in October.

The Secretary-General will make the final selection on the type of advisory arrangement to implement and institutions to be awarded the contract(s).

VII. BENCHMARK

30. In section VI of its resolution 49/224, the General Assembly requested the Secretary-General to present in future reports to the General Assembly means of comparing performance with relevant benchmarks and other pension funds. Extensive efforts have been made over the last two years by the representative of the Secretary-General, the staff of the Investment Management Service and the Investments Committee, with the assistance of outside consultants, to develop an appropriate benchmark for the Fund. It is expected that a benchmark would be in place by January 1997.

VIII. CONCLUSION

31. The economic environment which prevailed during the period under review was characterized by asynchronized economic activities among the major industrialized countries. By the end of the period, the initial relatively strong growth in the United States, Canada and the United Kingdom had slowed, economic recovery in some European economies had lost momentum, while Japan appeared to be on a firm recovery path. The smaller economies in South-East Asia and Latin America continued to enjoy positive economic growth. Interest rates appeared to have come full circle in the United States and the United Kingdom, having increased and then decreased, while rates appeared to be at or near the bottom of the cycle in much of continental Europe and in Japan. The financial markets performed well, especially in the second half of the period under review. The Fund's return of 14.6 per cent for the year ended 31 March 1996 was the highest return during the last eight years. The Fund continued to benefit from its policy of broad diversification of assets, currencies and countries of investments. This policy of diversification combined with strategies developed to take advantage of market and currency movements allowed the Fund to achieve another two years of positive returns despite volatility in the financial markets. The period reviewed represented the thirteenth and fourteenth consecutive years of positive investment returns for the Fund.